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The Influence of Price, Product Quality, and Brand Image on Customer Retention Moderated by Supply Chain and After Sale Services

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Abstract: Sustainable business is a challenge for entrepreneurs. In a highly competitive era, foresight, agility, and analysis are needed in running a business. Companies must be observant in assessing the use of opportunities, agile in running a business, namely focusing on consumer needs, and analysing the company's overall performance. This study aims to analyse variables such as: product price, product quality, brand image, customer retention, supply chain and after sales service. The purpose of this study is to measure and see the factors that influence customer retain. This research is quantitative research and uses primary data conducted by data collection methods in the form of questionnaires from respondents who take a minimum sample of 100. Data collection was carried out by distributing questionnaires online. The data analysis technique uses structural equation modelling (SEM) with PLS (Partial Least Square) software by testing data quality with validity and reliability tests. As well as classical assumption tests and hypothesis testing in this study.

Keyword: Price, Product Quality, Brand Image, Supply Chain, Customer Retention, After Sales Service

INTRODUCTION

In today's competitive business environment, the likelihood of customer retention is heightened to manage organizational security against advancing competition. Customer retention is expected to achieve this goal. Pricing strategy is one of the most crucial components related to the necessary consequences of the industry in the current competitive business environment. Pricing may stand out among the most crucial determinants of client choices. Managers can use value coordination to reinforce repeat purchasing behavior (reducing abandoned value), as value coordination holds the promise of safeguarding customers with the aim of keeping them satisfied, encouraging them to return, and make repeat purchases (Aldy dwi mulyana, 2013; Pratama & Firdaus, 2017; Slack et al., 2020).

The trading industry has been a driving force for economic development in recent years. In the current intense competitive landscape, businesses strive to consistently provide excellent service quality and a perceived strong brand image to achieve customer satisfaction and loyalty. The service industry is even more significant, requiring practitioners and scholars to endeavor to understand how clients perceive service quality as a highly crucial factor in customer retention (Moliner-Velázquez et al., 2015; Nurdiansya, 2014).

According to Tjahjono et al. (2021), every company with a good Brand Image will influence consumer purchasing decisions. Purchasing decisions involve a decision-making process, including choosing the preferred product, which will determine the final decision obtained from the previous process. Brand Image indicates that the prestige of a name will depend on the interpretation and understanding of individuals about the brand, whether positive or negative, along with individual attitudes or assessments, accompanied by individual tendencies in determining their product selection.

Customer retention can be characterized as the client's goal to stay with a specialist or corporation for the future sustainability of their business. Customer retention signifies to many scholars that retaining customers is crucial for customers, and they emphasize that attracting and subsequently retaining customers is highly important. According to Azad et al. (2019), customer retention occurs when clients make repeated purchases of goods or services, leading to longer-term customer retention in continuous purchasing.

Customer loyalty is an important asset for the existence of a company to survive and be able to compete with its competitors. Therefore, in order for a company to survive in increasingly fierce competition, a company needs to know the factors that influence customer loyalty. The factors supporting customer loyalty used in this research are product price, product quality, brand image, and customer retention, because the purpose of this research is to see the level of customer loyalty from the customer's perspective which is moderated by the supply chain and after sales service. Where loyalty is a deep commitment to repurchase or subscribe to a product or service consistently in the future so that it can lead to repeat purchases of the same brand despite the influence of situations and various marketing efforts that have the potential to cause brand switching actions.

Based on the problems found in the background and identification of the problems described above, the researchers limited the variables used so that the research was more focused by considering the various limitations that exist. Researchers only use Price, Product Quality, Brand Image Customer Retention, supply chain, and after sale services variables in trading companies, namely PT Persada Batavia Diesel, which has customers reaching 100 companies in Jakarta and Kalimantan.

In this study, additional moderating variables are introduced, namely Supply Chain Management and After Sales Service. Both of these variables will be analyzed in this research to determine whether they strengthen or weaken the relationship between the variables of Product Price, Product Quality, and Brand Image and Customer Retention (Ahmed, 2021; Pratama & Firdaus, 2017; Rizkyanto, 2018; Solimun & Fernandes, 2018)

While several studies have been conducted on variables such as Product Price, Product Quality, Brand Image, and Customer Retention, there is still limited research on this in Indonesia at present. Some significant research has been carried out related to the cause-and-effect relationship between service quality and customer satisfaction (Azad et al., 2019; Huarng & Yu, 2020; Kim et al., 2010; Slack et al., 2020; Sugiarto, 2016). However, limited research has been conducted to demonstrate the relationship between each variable in these studies without the moderating variables of Supply Chain Management and After Sales Service. Based on arguments from previous research, this study aims to introduce Supply Chain Management and After Sales Service as moderating variables, adding novelty to the research.

METHOD

This research is quantitative research by collecting data through questionnaires with purposive sampling techniques. this research uses a Likert scale in taking questionnaires. this research uses 153 respondents, namely battery customers in our brand. this research was conducted on baterry customers in banjarmasin and Samarinda is in Kalimantan selatan and this research was conducted within a period of two months.

RESULTS AND DISCUSSION

Price has a positive and significant effect on customer retention seen from the resulting t statistical value and p value of 2.000 and 0.046 which has passed the t table value of 1.96 and p value below 0.05. Product Quality does not have a positive and significant effect on customer retention seen from the resulting statistical t value and p value of 1.633 and 0.103 which does not pass the t table value of 1.96 and above the p value of 0.05 Brand Image does not have a positive and significant effect on customer retention seen from the resulting statistical t value and p value of 1.754 and 0.080 which does not pass the t table value of 1.96 and above p value 0.05. After sales service does not moderate the relationship between price and customer retention seen from the resulting t statistical value and p value of 0.118 and 0.906 which does not pass the t table value of 1.96 and above p value 0.05. After sales service does not moderate the relationship between product quality and customer retention seen from the resulting t statistical value and p value of 0.470 and 0.639 which does not pass the t table value of 1.96 and above p value 0.05. After sales service does not moderate the relationship between Brand Image and customer retention seen from the statistical t value and the resulting p value of 0.895 and 0.371 which does not pass the t table value of 1.96 and above p value 0.05. Supply Chain does not moderate the relationship between price and customer retention seen from the statistical t value and the resulting p value of 0.900 and 0.368 which does not pass the t table value of 1.96 and above the p value of 0.05. Supply Chain does not moderate the relationship between product quality and customer retention seen from the statistical t value and the resulting p value of 0.747 and 0.455 which does not pass the t table value of 1.96 and above the p value of 0.05. Supply Chain does not moderate the relationship between brand image and customer retention seen from the statistical t value and the resulting p value of 0.501 and 0.617 which does not pass the t table value of 1.96 and above p value 0.05.

Price is the amount of value that consumers exchange for the benefits of owning or using a product or service whose value is determined by the buyer or seller (through bargaining) or set by the seller for the same price for all buyers. According to Kotler (1997), which states that price is the amount of money billed for a product or service, the amount of value that consumers exchange for the benefits of owning or using a product or service.

Under normal circumstances, demand and price have an inverse or negative relationship. This means that the higher the price is set, the smaller the demand. But for prestige products, price may have a unidirectional or positive relationship. According to Kotler (1997), price has two main roles in the decision-making process of buyers, namely: (1) The allocation role of price, namely the function of price in helping buyers to decide how to get the highest expected benefit based on their purchasing power. Thus, the existence of prices can help buyers to decide how to allocate their purchasing power to various types of goods or services. Buyers compare the prices of the various alternatives available, then decide on the desired allocation of funds; (2) The information role of price, namely the function of price in "educating" consumers about product factors, such as quality. This is especially useful in situations where buyers have difficulty objectively assessing production factors or benefits. The prevailing perception is that high prices reflect high quality.

Pricing must be directed towards achieving goals. Pricing goals are divided into three (Stanton, 1984), namely: (1) Profit-oriented to achieve the company's target return on investment or return on sales and maximise profits; (2) Sales-oriented to: increase sales and maintain or increase market share; (3) Status quo-oriented to: stabilise prices and ward off competition.

Based on the depreciation curve, mental accounting, and escalation of commitment theories, we predict that customers' retention intentions will be higher when they start using a service with a free monthly fee promotion than when they start it with a free joining fee promotion. This expectation was confirmed by five studies; experiments, customer surveys, and secondary data. Theoretical and managerial implications are also discussed.

The results show that product quality has no significant effect on customer satisfaction but has a significant effect on customer loyalty, after-sales service has a significant effect on customer satisfaction and customer loyalty and satisfaction has no effect on customer loyalty. Thus, the study proved that between product quality and after-sales service have no indirect influence on customer loyalty through satisfaction. Based on the depreciation curve, mental accounting, and escalation of commitment theories, we predict that customers' retention intentions will be higher when they start using a service with a free monthly fee promotion than when they start it with a free joining fee promotion. . This expectation was confirmed by five studies; experiments, customer surveys, and secondary data. Theoretical and managerial implications are also discussed.

The results showed that there is a positive and significant relationship between the variables of product quality and brand image on purchasing decisions, meaning that good product quality and brand image will create purchasing decisions for consumers. Purchasing decisions have a positive influence on customer satisfaction. Product quality has a positive and significant effect on customer satisfaction. Brand Image has no significant effect on customer satisfaction. Product quality and brand image have a positive and significant effect on customer satisfaction through purchasing decisions. This shows that consumers will be satisfied with a product if consumers are satisfied with the purchasing decisions made for that product.

There are 2 classifications of products used to set pricing policies: 1. Consumer goods (Consumer Goods) Namely products made for use by consumers among households and for non-business purposes. There are 4 (four) types: a) Speciality Goods (Speciality Goods) Is a product that is used by consumers because of its strong brand. Price policy at this level may be applied with high prices as a contribution to the quality and brand name of the product. b) Shopping Goods (Shopping Goods) Is a product that consumers usually compare prices, design and quality. c) Convenience Goods (Convenience Goods) Usually not expensive, relatively small and not affected by fashion. Between goods like this there is no intense competition. d) Goods that consumers are not looking for (Unsought Goods) Are goods that are not known by consumers or are known but generally have not thought of buying them. 2. Industrial Goods (Industrial Goods), namely products made specifically for use in producing other goods. a) Raw Materials and Parts (materials and parts) Industrial goods that enter the producer's product intact either through further processing or as components. b) Capital Goods (capital items) Industrial goods that participate in forming the finished product. c) Auxiliary Materials (supplies and services) Industrial goods that do not form the finished product.

There are several ways of pricing: 1. Penetration Pricing Involves setting prices below competitor levels to stimulate increased demand. 2. Parity Pricing Setting prices that are the same or close to competitors' price levels. In general, this policy will be applied if the company is able to compete based on other attributes instead of price. 3. Premium Pricing Set a price above the competitor's price level. This approach will be successful if the company is able to differentiate its products in terms of high quality and other superior aspects.

The results of this study reveal the dominance and magnitude of the influence of empathy positively on customer satisfaction, customer repurchase intentions and word of mouth, and negatively on customer complaint behaviour and price sensitivity. Customer satisfaction also significantly influences these dimensions of customer loyalty and disloyalty.

The results of this study state that brand image is the awareness of a product or service for customers through which an organisation's image is built. Customer satisfaction is also related to it and positively related to each other which is considered an important tool for marketing strategy. This paper examines the effect of brand image on customer retention under the mediating influence of customer satisfaction.

Thus it can be said that in the sale of batterry in Kalimantan for distributors, the price is something that is considered by battery distributors, therefore the battery suppliers must see the price offered to distributors. Therefore, product quality is not an important thing for purchasing distributors because at this time the price is a consideration for the last consumer to buy goods. therefore to maintain the most important battery distributor consumers is to provide the best price for them, especially in areas outside the island of Java.

A brand is a term, design, name, symbol or any other feature that distinguishes one company's product from another. The branding procedure was originally adopted to distinguish the cattle of one individual from another through clear marks burnt into the skin of the cattle with a hot stamp made of iron and later applied in marketing, business as well as advertising.

Brand Image is the overall impact in the minds of customers developed through various sources. Public relations, social networking create a positive brand image of the product and largely depends on the public perception of the product/service. Personal perceptions bundle the built up reputational associations of the organisation through enhancing its portfolio by maximising its profitability.

In today's dynamic era, where competition and technological advancements are of paramount importance, organisations are consistently coming up with their new products and services. This competition creates convenience for customers because they have different alternatives and their choices in choosing products become wider (Nazir et al., 2016). Also in 2006 Kotler & Keller defined customers sort out a group of attributes and create a mental framework through relationships associated with brands in the region of functional and symbolic dimensions. While Bondesson (2012), defines that the collective synchronisation of brand image and brand loyalty: "why buyers choose", "select", "remain loyal", or "repeatedly buy" a brand. Franz Rudolf Esch et al. (2006) examined that on consumer purchases Brand Image has a direct effect and Brand Image has an indirect effect.

Customer retention is a company's ability to convert first-time customers into repeat buyers and prevent them from switching to competitors. It indicates the quality of the product or service and the level of customer loyalty. Retention is best achieved by overcoming barriers to switching, maximising the value of products and services, meeting customer expectations, and enriching the customer experience. Customer Retention is a metric that businesses use to measure customer loyalty over time and gauge overall success. To improve customer retention, companies will implement various tactics to reduce the number of customers lost in a period and improve their experience to ensure that they remain loyal to the business (Kim, 2017).

Several factors influence the level of customer retention, especially in a long-term context. There is an assumed relationship between customer retention rates and satisfaction or service quality which provides empirical evidence that customer satisfaction is one of the biggest influences for retention rates in the retail banking market. Customer satisfaction is strongly related to the duration of the relationship between the customer and the service provider, especially when the customer has many previous experiences with the provider. In addition, service quality is an important antecedent to renewal rates in the high-tech communications market.

Higher customer retention rates can be predicted under global market conditions when strong control tools are set up for organisations that provide services because such organisations will be able to reduce and cut implementation costs and integrate promotion systems and make adjusting deviations more successful in the world market (Azad et al., 2019). Other factors for retention rates have been investigated in various marketing mixes, such as customer loyalty programmes, product advertising and sales promotions and supply chain factors that lead to theoretical and empirical evidence of the long-term effects of loyalty programmes on customer retention.

Customer feedback is one of the most valuable tools you have to improve customer retention and reduce attrition rates. If you want to know what works and what doesn't for your customers, it helps to hear it straight from the horse's mouth. Customer feedback is one of the most valuable tools you have to improve customer retention.

Supply chain management is a further development of product distribution management to meet consumer demand. Supply Chain Management is also an integrated approach between functions and across organisations in producing and delivering products to customers. This definition emphasises an integrated pattern that involves the flow of goods or services from suppliers, manufacturers, retailers to consumers. Activities between suppliers and end consumers are in one unit without a large barrier so that the information mechanism between these various elements takes place transparently.

Business people have a goal in their company, of course, to make a profit. To achieve these goals, it must carefully manage the product (goods or services) by doing supply chain management. Supply chain management or we usually call it SCM or it can also be called supply chain management is a very important field in the business world because it is directly related to the competitiveness of the company.

For entrepreneurs who are just starting their business, there is nothing wrong with learning and understanding about supply chain management, because by learning and understanding this, entrepreneurs can take the right steps so that the business being run is progressing.

Basically, after sale services refer more to various efforts to ensure that the buyer is satisfied with the service or product sold by the company. This method is done so that the buyer feels satisfied and will indirectly be willing to recommend the company's products or services to his relatives to use the products he has bought.

Although it will not significantly affect the level of sales, sellers should be able to give buyers a sense of satisfaction. Why? Because this feeling of satisfaction will be able to create a good relationship between the seller and the buyer. A good relationship between the seller and the buyer will not directly shape the occurrence of repeat purchases or other similar things. However, these conditions will make buyers recommend the company's products or services to their relatives voluntarily.

Technically, there are several things that must be done in this process. Among them are asking buyers for opinions on the products or services they have received, to helping customers if they experience difficulties in using the goods. Differentiation is a powerful way to win a business competition and to become a highly competitive brand in the market. When the market is already filled with the same products, then there is no better way except to improve the shortcomings produced by competitors. By doing so, it will indirectly make the seller top of mind and lead the seller to make repeat purchases.

CONCLUSION

Based on the research that has been conducted and the data obtained and has been processed and discussed in the previous chapters, it can be concluded that Price has a positive and significant effect on customer retention, Product Quality does not have a positive and significant effect on customer retention, Brand Image does not have a positive and significant effect on customer retention, After sales service does not moderate the relationship between price and customer retention, After sales service does not moderate the relationship between product quality and customer retention, After sales service does not moderate the relationship between brand image and customer retention, Supply Chain does not moderate the relationship between price and customer retention, Supply Chain does not moderate the relationship between product quality and customer retention, Supply Chain does not moderate the relationship between brand image and customer retention

For future research, research can be conducted on chemistry variables to see the suitability of the relationship between distributors and sales and then can also conduct this research in other fields such as spare parts and automotive.

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